

1-1 By: Hancock S.J.R. No. 60
1-2 (In the Senate - Filed March 10, 2017; March 23, 2017, read
1-3 first time and referred to Committee on Business & Commerce;
1-4 April 10, 2017, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 10, 2017,
1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.J.R. No. 60 By: Hancock

1-19 SENATE JOINT RESOLUTION

1-20 proposing a constitutional amendment establishing a lower amount
1-21 for expenses that can be charged to a borrower and removing certain
1-22 financing expense limitations for a home equity loan, establishing
1-23 certain authorized lenders to make a home equity loan, changing
1-24 certain options for the refinancing of home equity loans, changing
1-25 the threshold for an advance of a home equity line of credit, and
1-26 allowing home equity loans on agricultural homesteads.

1-27 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. Section 50, Article XVI, Texas Constitution, is
1-29 amended by amending Subsections (a), (f), (g), and (t) and adding
1-30 Subsection (f-1) to read as follows:

1-31 (a) The homestead of a family, or of a single adult person,
1-32 shall be, and is hereby protected from forced sale, for the payment
1-33 of all debts except for:

1-34 (1) the purchase money thereof, or a part of such
1-35 purchase money;

1-36 (2) the taxes due thereon;

1-37 (3) an owelty of partition imposed against the
1-38 entirety of the property by a court order or by a written agreement
1-39 of the parties to the partition, including a debt of one spouse in
1-40 favor of the other spouse resulting from a division or an award of a
1-41 family homestead in a divorce proceeding;

1-42 (4) the refinance of a lien against a homestead,
1-43 including a federal tax lien resulting from the tax debt of both
1-44 spouses, if the homestead is a family homestead, or from the tax
1-45 debt of the owner;

1-46 (5) work and material used in constructing new
1-47 improvements thereon, if contracted for in writing, or work and
1-48 material used to repair or renovate existing improvements thereon
1-49 if:

1-50 (A) the work and material are contracted for in
1-51 writing, with the consent of both spouses, in the case of a family
1-52 homestead, given in the same manner as is required in making a sale
1-53 and conveyance of the homestead;

1-54 (B) the contract for the work and material is not
1-55 executed by the owner or the owner's spouse before the fifth day
1-56 after the owner makes written application for any extension of
1-57 credit for the work and material, unless the work and material are
1-58 necessary to complete immediate repairs to conditions on the
1-59 homestead property that materially affect the health or safety of
1-60 the owner or person residing in the homestead and the owner of the

2-1 homestead acknowledges such in writing;

2-2 (C) the contract for the work and material

2-3 expressly provides that the owner may rescind the contract without

2-4 penalty or charge within three days after the execution of the

2-5 contract by all parties, unless the work and material are necessary

2-6 to complete immediate repairs to conditions on the homestead

2-7 property that materially affect the health or safety of the owner or

2-8 person residing in the homestead and the owner of the homestead

2-9 acknowledges such in writing; and

2-10 (D) the contract for the work and material is

2-11 executed by the owner and the owner's spouse only at the office of a

2-12 third-party lender making an extension of credit for the work and

2-13 material, an attorney at law, or a title company;

2-14 (6) an extension of credit that:

2-15 (A) is secured by a voluntary lien on the

2-16 homestead created under a written agreement with the consent of

2-17 each owner and each owner's spouse;

2-18 (B) is of a principal amount that when added to

2-19 the aggregate total of the outstanding principal balances of all

2-20 other indebtedness secured by valid encumbrances of record against

2-21 the homestead does not exceed 80 percent of the fair market value of

2-22 the homestead on the date the extension of credit is made;

2-23 (C) is without recourse for personal liability

2-24 against each owner and the spouse of each owner, unless the owner or

2-25 spouse obtained the extension of credit by actual fraud;

2-26 (D) is secured by a lien that may be foreclosed

2-27 upon only by a court order;

2-28 (E) does not require the owner or the owner's

2-29 spouse to pay, in addition to any interest or any bona fide discount

2-30 points used to buy down the interest rate, any fees to any person

2-31 that are necessary to originate, evaluate, maintain, record,

2-32 insure, or service the extension of credit that exceed, in the

2-33 aggregate, two [three] percent of the original principal amount of

2-34 the extension of credit, excluding fees for:

2-35 (i) an appraisal performed by a third party

2-36 appraiser;

2-37 (ii) a property survey performed by a state

2-38 registered or licensed surveyor;

2-39 (iii) a state base premium for a mortgagee

2-40 policy of title insurance with endorsements established in

2-41 accordance with state law; or

2-42 (iv) a title examination report if its cost

2-43 is less than the state base premium for a mortgagee policy of title

2-44 insurance without endorsements established in accordance with

2-45 state law;

2-46 (F) is not a form of open-end account that may be

2-47 debited from time to time or under which credit may be extended from

2-48 time to time unless the open-end account is a home equity line of

2-49 credit;

2-50 (G) is payable in advance without penalty or

2-51 other charge;

2-52 (H) is not secured by any additional real or

2-53 personal property other than the homestead;

2-54 (I) ~~(repealed) [is not secured by homestead~~

2-55 ~~property that on the date of closing is designated for agricultural~~

2-56 ~~use as provided by statutes governing property tax, unless such~~

2-57 ~~homestead property is used primarily for the production of milk];~~

2-58 (J) may not be accelerated because of a decrease

2-59 in the market value of the homestead or because of the owner's

2-60 default under other indebtedness not secured by a prior valid

2-61 encumbrance against the homestead;

2-62 (K) is the only debt secured by the homestead at

2-63 the time the extension of credit is made unless the other debt was

2-64 made for a purpose described by Subsections (a)(1)-(a)(5) or

2-65 Subsection (a)(8) of this section;

2-66 (L) is scheduled to be repaid:

2-67 (i) in substantially equal successive

2-68 periodic installments, not more often than every 14 days and not

2-69 less often than monthly, beginning no later than two months from the

3-1 date the extension of credit is made, each of which equals or
 3-2 exceeds the amount of accrued interest as of the date of the
 3-3 scheduled installment; or
 3-4 (ii) if the extension of credit is a home
 3-5 equity line of credit, in periodic payments described under
 3-6 Subsection (t)(8) of this section;
 3-7 (M) is closed not before:
 3-8 (i) the 12th day after the later of the date
 3-9 that the owner of the homestead submits a loan application to the
 3-10 lender for the extension of credit or the date that the lender
 3-11 provides the owner a copy of the notice prescribed by Subsection (g)
 3-12 of this section;
 3-13 (ii) one business day after the date that
 3-14 the owner of the homestead receives a copy of the loan application
 3-15 if not previously provided and a final itemized disclosure of the
 3-16 actual fees, points, interest, costs, and charges that will be
 3-17 charged at closing. If a bona fide emergency or another good cause
 3-18 exists and the lender obtains the written consent of the owner, the
 3-19 lender may provide the documentation to the owner or the lender may
 3-20 modify previously provided documentation on the date of closing;
 3-21 and
 3-22 (iii) the first anniversary of the closing
 3-23 date of any other extension of credit described by Subsection
 3-24 (a)(6) of this section secured by the same homestead property,
 3-25 except a refinance described by Paragraph (Q)(x)(f) of this
 3-26 subdivision, unless the owner on oath requests an earlier closing
 3-27 due to a state of emergency that:
 3-28 (a) has been declared by the president
 3-29 of the United States or the governor as provided by law; and
 3-30 (b) applies to the area where the
 3-31 homestead is located;
 3-32 (N) is closed only at the office of the lender, an
 3-33 attorney at law, or a title company;
 3-34 (O) permits a lender to contract for and receive
 3-35 any fixed or variable rate of interest authorized under statute;
 3-36 (P) is made by one of the following that has not
 3-37 been found by a federal regulatory agency to have engaged in the
 3-38 practice of refusing to make loans because the applicants for the
 3-39 loans reside or the property proposed to secure the loans is located
 3-40 in a certain area:
 3-41 (i) a bank, savings and loan association,
 3-42 savings bank, or credit union doing business under the laws of this
 3-43 state or the United States, including a subsidiary of a bank,
 3-44 savings and loan association, savings bank, or credit union
 3-45 described by this subparagraph;
 3-46 (ii) a federally chartered lending
 3-47 instrumentality or a person approved as a mortgagee by the United
 3-48 States government to make federally insured loans;
 3-49 (iii) a person licensed to make regulated
 3-50 loans, as provided by statute of this state;
 3-51 (iv) a person who sold the homestead
 3-52 property to the current owner and who provided all or part of the
 3-53 financing for the purchase;
 3-54 (v) a person who is related to the homestead
 3-55 property owner within the second degree of affinity or
 3-56 consanguinity; or
 3-57 (vi) a person regulated by this state as a
 3-58 mortgage banker or mortgage company ~~broker~~; and
 3-59 (Q) is made on the condition that:
 3-60 (i) the owner of the homestead is not
 3-61 required to apply the proceeds of the extension of credit to repay
 3-62 another debt except debt secured by the homestead or debt to another
 3-63 lender;
 3-64 (ii) the owner of the homestead not assign
 3-65 wages as security for the extension of credit;
 3-66 (iii) the owner of the homestead not sign
 3-67 any instrument in which blanks relating to substantive terms of
 3-68 agreement are left to be filled in;
 3-69 (iv) the owner of the homestead not sign a

4-1 confession of judgment or power of attorney to the lender or to a
4-2 third person to confess judgment or to appear for the owner in a
4-3 judicial proceeding;

4-4 (v) at the time the extension of credit is
4-5 made, the owner of the homestead shall receive a copy of the final
4-6 loan application and all executed documents signed by the owner at
4-7 closing related to the extension of credit;

4-8 (vi) the security instruments securing the
4-9 extension of credit contain a disclosure that the extension of
4-10 credit is the type of credit defined by Subsection (a)(6) of this
4-11 section [Section 50(a)(6), Article XVI, Texas Constitution];

4-12 (vii) within a reasonable time after
4-13 termination and full payment of the extension of credit, the lender
4-14 cancel and return the promissory note to the owner of the homestead
4-15 and give the owner, in recordable form, a release of the lien
4-16 securing the extension of credit or a copy of an endorsement and
4-17 assignment of the lien to a lender that is refinancing the extension
4-18 of credit;

4-19 (viii) the owner of the homestead and any
4-20 spouse of the owner may, within three days after the extension of
4-21 credit is made, rescind the extension of credit without penalty or
4-22 charge;

4-23 (ix) the owner of the homestead and the
4-24 lender sign a written acknowledgment as to the fair market value of
4-25 the homestead property on the date the extension of credit is made;

4-26 (x) except as provided by Subparagraph (xi)
4-27 of this paragraph, the lender or any holder of the note for the
4-28 extension of credit shall forfeit all principal and interest of the
4-29 extension of credit if the lender or holder fails to comply with the
4-30 lender's or holder's obligations under the extension of credit and
4-31 fails to correct the failure to comply not later than the 60th day
4-32 after the date the lender or holder is notified by the borrower of
4-33 the lender's failure to comply by:

4-34 (a) paying to the owner an amount
4-35 equal to any overcharge paid by the owner under or related to the
4-36 extension of credit if the owner has paid an amount that exceeds an
4-37 amount stated in the applicable Paragraph (E), (G), or (O) of this
4-38 subdivision;

4-39 (b) sending the owner a written
4-40 acknowledgement that the lien is valid only in the amount that the
4-41 extension of credit does not exceed the percentage described by
4-42 Paragraph (B) of this subdivision, if applicable, or is not secured
4-43 by property described under Paragraph (H) [~~or (I)~~] of this
4-44 subdivision, if applicable;

4-45 (c) sending the owner a written notice
4-46 modifying any other amount, percentage, term, or other provision
4-47 prohibited by this section to a permitted amount, percentage, term,
4-48 or other provision and adjusting the account of the borrower to
4-49 ensure that the borrower is not required to pay more than an amount
4-50 permitted by this section and is not subject to any other term or
4-51 provision prohibited by this section;

4-52 (d) delivering the required documents
4-53 to the borrower if the lender fails to comply with Subparagraph (v)
4-54 of this paragraph or obtaining the appropriate signatures if the
4-55 lender fails to comply with Subparagraph (ix) of this paragraph;

4-56 (e) sending the owner a written
4-57 acknowledgement, if the failure to comply is prohibited by
4-58 Paragraph (K) of this subdivision, that the accrual of interest and
4-59 all of the owner's obligations under the extension of credit are
4-60 abated while any prior lien prohibited under Paragraph (K) remains
4-61 secured by the homestead; or

4-62 (f) if the failure to comply cannot be
4-63 cured under Subparagraphs (x)(a)-(e) of this paragraph, curing the
4-64 failure to comply by a refund or credit to the owner of \$1,000 and
4-65 offering the owner the right to refinance the extension of credit
4-66 with the lender or holder for the remaining term of the loan at no
4-67 cost to the owner on the same terms, including interest, as the
4-68 original extension of credit with any modifications necessary to
4-69 comply with this section or on terms on which the owner and the

5-1 lender or holder otherwise agree that comply with this section; and
 5-2 (xi) the lender or any holder of the note
 5-3 for the extension of credit shall forfeit all principal and
 5-4 interest of the extension of credit if the extension of credit is
 5-5 made by a person other than a person described under Paragraph (P)
 5-6 of this subdivision or if the lien was not created under a written
 5-7 agreement with the consent of each owner and each owner's spouse,
 5-8 unless each owner and each owner's spouse who did not initially
 5-9 consent subsequently consents;
 5-10 (7) a reverse mortgage; or
 5-11 (8) the conversion and refinance of a personal
 5-12 property lien secured by a manufactured home to a lien on real
 5-13 property, including the refinance of the purchase price of the
 5-14 manufactured home, the cost of installing the manufactured home on
 5-15 the real property, and the refinance of the purchase price of the
 5-16 real property.
 5-17 (f) A refinance of debt secured by the homestead, any
 5-18 portion of which is an extension of credit described by Subsection
 5-19 (a)(6) of this section, may not be secured by a valid lien against
 5-20 the homestead unless either:
 5-21 (1) the refinance of the debt is an extension of credit
 5-22 described by Subsection (a)(6) or (a)(7) of this section; or
 5-23 (2) all of the following conditions are met:
 5-24 (A) the refinance is not closed before the first
 5-25 anniversary of the date the extension of credit was closed;
 5-26 (B) the refinanced extension of credit does not
 5-27 include the advance of any additional funds other than:
 5-28 (i) funds advanced to refinance a debt
 5-29 described by Subsections (a)(1) through (a)(7) of this section; or
 5-30 (ii) actual costs and reserves required by
 5-31 the lender to refinance the debt;
 5-32 (C) the refinance of the extension of credit is
 5-33 of a principal amount that when added to the aggregate total of the
 5-34 outstanding principal balances of all other indebtedness secured by
 5-35 valid encumbrances of record against the homestead does not exceed
 5-36 80 percent of the fair market value of the homestead on the date the
 5-37 refinance of the extension of credit is made; and
 5-38 (D) the lender provides the owner the following
 5-39 written notice on a separate document not later than the third
 5-40 business day after the date the owner submits the loan application
 5-41 to the lender and at least 12 days before the date the refinance of
 5-42 the extension of credit is closed:
 5-43 "YOUR EXISTING LOAN THAT YOU DESIRE TO REFINANCE IS A HOME
 5-44 EQUITY LOAN. YOU MAY HAVE THE OPTION TO REFINANCE YOUR HOME EQUITY
 5-45 LOAN AS EITHER A HOME EQUITY LOAN OR AS A NON-HOME EQUITY LOAN, IF
 5-46 OFFERED BY YOUR LENDER.
 5-47 "HOME EQUITY LOANS HAVE IMPORTANT CONSUMER PROTECTIONS. A
 5-48 LENDER MAY ONLY FORECLOSE A HOME EQUITY LOAN BASED ON A COURT ORDER.
 5-49 A HOME EQUITY LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL LIABILITY
 5-50 AGAINST YOU AND YOUR SPOUSE.
 5-51 "IF YOU HAVE APPLIED TO REFINANCE YOUR EXISTING HOME EQUITY
 5-52 LOAN AS A NON-HOME EQUITY LOAN, YOU WILL LOSE CERTAIN CONSUMER
 5-53 PROTECTIONS. A NON-HOME EQUITY REFINANCED LOAN:
 5-54 "(1) WILL PERMIT THE LENDER TO FORECLOSE WITHOUT A
 5-55 COURT ORDER;
 5-56 "(2) WILL BE WITH RECOURSE FOR PERSONAL LIABILITY
 5-57 AGAINST YOU AND YOUR SPOUSE; AND
 5-58 "(3) MAY ALSO CONTAIN OTHER TERMS OR CONDITIONS THAT
 5-59 MAY NOT BE PERMITTED IN A TRADITIONAL HOME EQUITY LOAN.
 5-60 "BEFORE YOU REFINANCE YOUR EXISTING HOME EQUITY LOAN TO MAKE
 5-61 IT A NON-HOME EQUITY LOAN, YOU SHOULD MAKE SURE YOU UNDERSTAND THAT
 5-62 YOU ARE WAIVING IMPORTANT PROTECTIONS THAT HOME EQUITY LOANS
 5-63 PROVIDE UNDER THE LAW AND SHOULD CONSIDER CONSULTING WITH AN
 5-64 ATTORNEY OF YOUR CHOOSING REGARDING THESE PROTECTIONS.
 5-65 "YOU MAY WISH TO ASK YOUR LENDER TO REFINANCE YOUR LOAN AS A
 5-66 HOME EQUITY LOAN. HOWEVER, A HOME EQUITY LOAN MAY HAVE A HIGHER
 5-67 INTEREST RATE AND CLOSING COSTS THAN A NON-HOME EQUITY LOAN."
 5-68 (f-1) A lien securing a refinance of debt under Subsection
 5-69 (f)(2) of this section is deemed to be a lien described by

6-1 Subsection (a)(4) of this section. An affidavit executed by the
 6-2 owner or the owner's spouse acknowledging that the requirements of
 6-3 Subsection (f)(2) of this section have been met conclusively
 6-4 establishes that the requirements of Subsection (a)(4) of this
 6-5 section have been met.

6-6 (g) An extension of credit described by Subsection (a)(6) of
 6-7 this section may be secured by a valid lien against homestead
 6-8 property if the extension of credit is not closed before the 12th
 6-9 day after the lender provides the owner with the following written
 6-10 notice on a separate instrument:

6-11 "NOTICE CONCERNING EXTENSIONS OF CREDIT DEFINED BY SECTION
 6-12 50(a)(6), ARTICLE XVI, TEXAS CONSTITUTION:

6-13 "SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS CONSTITUTION
 6-14 ALLOWS CERTAIN LOANS TO BE SECURED AGAINST THE EQUITY IN YOUR HOME.
 6-15 SUCH LOANS ARE COMMONLY KNOWN AS EQUITY LOANS. IF YOU DO NOT REPAY
 6-16 THE LOAN OR IF YOU FAIL TO MEET THE TERMS OF THE LOAN, THE LENDER MAY
 6-17 FORECLOSE AND SELL YOUR HOME. THE CONSTITUTION PROVIDES THAT:

6-18 "(A) THE LOAN MUST BE VOLUNTARILY CREATED WITH THE CONSENT OF
 6-19 EACH OWNER OF YOUR HOME AND EACH OWNER'S SPOUSE;

6-20 "(B) THE PRINCIPAL LOAN AMOUNT AT THE TIME THE LOAN IS MADE
 6-21 MUST NOT EXCEED AN AMOUNT THAT, WHEN ADDED TO THE PRINCIPAL BALANCES
 6-22 OF ALL OTHER LIENS AGAINST YOUR HOME, IS MORE THAN 80 PERCENT OF THE
 6-23 FAIR MARKET VALUE OF YOUR HOME;

6-24 "(C) THE LOAN MUST BE WITHOUT RECOURSE FOR PERSONAL LIABILITY
 6-25 AGAINST YOU AND YOUR SPOUSE UNLESS YOU OR YOUR SPOUSE OBTAINED THIS
 6-26 EXTENSION OF CREDIT BY ACTUAL FRAUD;

6-27 "(D) THE LIEN SECURING THE LOAN MAY BE FORECLOSED UPON ONLY
 6-28 WITH A COURT ORDER;

6-29 "(E) FEES AND CHARGES TO MAKE THE LOAN MAY NOT EXCEED 2 [~~3~~]
 6-30 PERCENT OF THE LOAN AMOUNT, EXCEPT FOR A FEE OR CHARGE FOR AN
 6-31 APPRAISAL PERFORMED BY A THIRD PARTY APPRAISER, A PROPERTY SURVEY
 6-32 PERFORMED BY A STATE REGISTERED OR LICENSED SURVEYOR, A STATE BASE
 6-33 PREMIUM FOR A MORTGAGEE POLICY OF TITLE INSURANCE WITH
 6-34 ENDORSEMENTS, OR A TITLE EXAMINATION REPORT;

6-35 "(F) THE LOAN MAY NOT BE AN OPEN-END ACCOUNT THAT MAY BE
 6-36 DEBITED FROM TIME TO TIME OR UNDER WHICH CREDIT MAY BE EXTENDED FROM
 6-37 TIME TO TIME UNLESS IT IS A HOME EQUITY LINE OF CREDIT;

6-38 "(G) YOU MAY PREPAY THE LOAN WITHOUT PENALTY OR CHARGE;

6-39 "(H) NO ADDITIONAL COLLATERAL MAY BE SECURITY FOR THE LOAN;

6-40 "(I) ~~(repealed) [THE LOAN MAY NOT BE SECURED BY HOMESTEAD~~
 6-41 ~~PROPERTY THAT IS DESIGNATED FOR AGRICULTURAL USE AS OF THE DATE OF~~
 6-42 ~~CLOSING, UNLESS THE AGRICULTURAL HOMESTEAD PROPERTY IS USED~~
 6-43 ~~PRIMARILY FOR THE PRODUCTION OF MILK];~~

6-44 "(J) YOU ARE NOT REQUIRED TO REPAY THE LOAN EARLIER THAN
 6-45 AGREED SOLELY BECAUSE THE FAIR MARKET VALUE OF YOUR HOME DECREASES
 6-46 OR BECAUSE YOU DEFAULT ON ANOTHER LOAN THAT IS NOT SECURED BY YOUR
 6-47 HOME;

6-48 "(K) ONLY ONE LOAN DESCRIBED BY SECTION 50(a)(6), ARTICLE
 6-49 XVI, OF THE TEXAS CONSTITUTION MAY BE SECURED WITH YOUR HOME AT ANY
 6-50 GIVEN TIME;

6-51 "(L) THE LOAN MUST BE SCHEDULED TO BE REPAYED IN PAYMENTS THAT
 6-52 EQUAL OR EXCEED THE AMOUNT OF ACCRUED INTEREST FOR EACH PAYMENT
 6-53 PERIOD;

6-54 "(M) THE LOAN MAY NOT CLOSE BEFORE 12 DAYS AFTER YOU SUBMIT A
 6-55 LOAN APPLICATION TO THE LENDER OR BEFORE 12 DAYS AFTER YOU RECEIVE
 6-56 THIS NOTICE, WHICHEVER DATE IS LATER; AND MAY NOT WITHOUT YOUR
 6-57 CONSENT CLOSE BEFORE ONE BUSINESS DAY AFTER THE DATE ON WHICH YOU
 6-58 RECEIVE A COPY OF YOUR LOAN APPLICATION IF NOT PREVIOUSLY PROVIDED
 6-59 AND A FINAL ITEMIZED DISCLOSURE OF THE ACTUAL FEES, POINTS,
 6-60 INTEREST, COSTS, AND CHARGES THAT WILL BE CHARGED AT CLOSING; AND IF
 6-61 YOUR HOME WAS SECURITY FOR THE SAME TYPE OF LOAN WITHIN THE PAST
 6-62 YEAR, A NEW LOAN SECURED BY THE SAME PROPERTY MAY NOT CLOSE BEFORE
 6-63 ONE YEAR HAS PASSED FROM THE CLOSING DATE OF THE OTHER LOAN, UNLESS
 6-64 ON OATH YOU REQUEST AN EARLIER CLOSING DUE TO A DECLARED STATE OF
 6-65 EMERGENCY;

6-66 "(N) THE LOAN MAY CLOSE ONLY AT THE OFFICE OF THE LENDER,
 6-67 TITLE COMPANY, OR AN ATTORNEY AT LAW;

6-68 "(O) THE LENDER MAY CHARGE ANY FIXED OR VARIABLE RATE OF
 6-69 INTEREST AUTHORIZED BY STATUTE;

7-1 " (P) ONLY A LAWFULLY AUTHORIZED LENDER MAY MAKE LOANS
 7-2 DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE TEXAS
 7-3 CONSTITUTION;

7-4 " (Q) LOANS DESCRIBED BY SECTION 50(a)(6), ARTICLE XVI, OF THE
 7-5 TEXAS CONSTITUTION MUST:

7-6 " (1) NOT REQUIRE YOU TO APPLY THE PROCEEDS TO ANOTHER DEBT
 7-7 EXCEPT A DEBT THAT IS SECURED BY YOUR HOME OR OWED TO ANOTHER
 7-8 LENDER;

7-9 " (2) NOT REQUIRE THAT YOU ASSIGN WAGES AS SECURITY;

7-10 " (3) NOT REQUIRE THAT YOU EXECUTE INSTRUMENTS WHICH HAVE
 7-11 BLANKS FOR SUBSTANTIVE TERMS OF AGREEMENT LEFT TO BE FILLED IN;

7-12 " (4) NOT REQUIRE THAT YOU SIGN A CONFESSION OF JUDGMENT OR
 7-13 POWER OF ATTORNEY TO ANOTHER PERSON TO CONFESS JUDGMENT OR APPEAR IN
 7-14 A LEGAL PROCEEDING ON YOUR BEHALF;

7-15 " (5) PROVIDE THAT YOU RECEIVE A COPY OF YOUR FINAL LOAN
 7-16 APPLICATION AND ALL EXECUTED DOCUMENTS YOU SIGN AT CLOSING;

7-17 " (6) PROVIDE THAT THE SECURITY INSTRUMENTS CONTAIN A
 7-18 DISCLOSURE THAT THIS LOAN IS A LOAN DEFINED BY SECTION 50(a)(6),
 7-19 ARTICLE XVI, OF THE TEXAS CONSTITUTION;

7-20 " (7) PROVIDE THAT WHEN THE LOAN IS PAID IN FULL, THE LENDER
 7-21 WILL SIGN AND GIVE YOU A RELEASE OF LIEN OR AN ASSIGNMENT OF THE
 7-22 LIEN, WHICHEVER IS APPROPRIATE;

7-23 " (8) PROVIDE THAT YOU MAY, WITHIN 3 DAYS AFTER CLOSING,
 7-24 RESCIND THE LOAN WITHOUT PENALTY OR CHARGE;

7-25 " (9) PROVIDE THAT YOU AND THE LENDER ACKNOWLEDGE THE FAIR
 7-26 MARKET VALUE OF YOUR HOME ON THE DATE THE LOAN CLOSES; AND

7-27 " (10) PROVIDE THAT THE LENDER WILL FORFEIT ALL PRINCIPAL AND
 7-28 INTEREST IF THE LENDER FAILS TO COMPLY WITH THE LENDER'S
 7-29 OBLIGATIONS UNLESS THE LENDER CURES THE FAILURE TO COMPLY AS
 7-30 PROVIDED BY SECTION 50(a)(6)(Q)(x), ARTICLE XVI, OF THE TEXAS
 7-31 CONSTITUTION; AND

7-32 " (R) IF THE LOAN IS A HOME EQUITY LINE OF CREDIT:

7-33 " (1) YOU MAY REQUEST ADVANCES, REPAY MONEY, AND REBORROW
 7-34 MONEY UNDER THE LINE OF CREDIT;

7-35 " (2) EACH ADVANCE UNDER THE LINE OF CREDIT MUST BE IN AN
 7-36 AMOUNT OF AT LEAST \$4,000;

7-37 " (3) YOU MAY NOT USE A CREDIT CARD, DEBIT CARD, OR SIMILAR
 7-38 DEVICE, OR PREPRINTED CHECK THAT YOU DID NOT SOLICIT, TO OBTAIN
 7-39 ADVANCES UNDER THE LINE OF CREDIT;

7-40 " (4) ANY FEES THE LENDER CHARGES MAY BE CHARGED AND COLLECTED
 7-41 ONLY AT THE TIME THE LINE OF CREDIT IS ESTABLISHED AND THE LENDER
 7-42 MAY NOT CHARGE A FEE IN CONNECTION WITH ANY ADVANCE;

7-43 " (5) THE MAXIMUM PRINCIPAL AMOUNT THAT MAY BE EXTENDED, WHEN
 7-44 ADDED TO ALL OTHER DEBTS SECURED BY YOUR HOME, MAY NOT EXCEED 80
 7-45 PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME ON THE DATE THE LINE OF
 7-46 CREDIT IS ESTABLISHED;

7-47 " (6) IF THE PRINCIPAL BALANCE UNDER THE LINE OF CREDIT AT ANY
 7-48 TIME EXCEEDS 80 [~~50~~] PERCENT OF THE FAIR MARKET VALUE OF YOUR HOME,
 7-49 AS DETERMINED ON THE DATE THE LINE OF CREDIT IS ESTABLISHED, YOU MAY
 7-50 NOT CONTINUE TO REQUEST ADVANCES UNDER THE LINE OF CREDIT UNTIL THE
 7-51 BALANCE IS LESS THAN 80 [~~50~~] PERCENT OF THE FAIR MARKET VALUE; AND

7-52 " (7) THE LENDER MAY NOT UNILATERALLY AMEND THE TERMS OF THE
 7-53 LINE OF CREDIT.

7-54 "THIS NOTICE IS ONLY A SUMMARY OF YOUR RIGHTS UNDER THE TEXAS
 7-55 CONSTITUTION. YOUR RIGHTS ARE GOVERNED BY SECTION 50, ARTICLE XVI,
 7-56 OF THE TEXAS CONSTITUTION, AND NOT BY THIS NOTICE."

7-57 If the discussions with the borrower are conducted primarily
 7-58 in a language other than English, the lender shall, before closing,
 7-59 provide an additional copy of the notice translated into the
 7-60 written language in which the discussions were conducted.

7-61 (t) A home equity line of credit is a form of an open-end
 7-62 account that may be debited from time to time, under which credit
 7-63 may be extended from time to time and under which:

7-64 (1) the owner requests advances, repays money, and
 7-65 reborrows money;

7-66 (2) any single debit or advance is not less than
 7-67 \$4,000;

7-68 (3) the owner does not use a credit card, debit card,
 7-69 or similar device, or preprinted check unsolicited by the borrower,

8-1 to obtain an advance;
8-2 (4) any fees described by Subsection (a)(6)(E) of this
8-3 section are charged and collected only at the time the extension of
8-4 credit is established and no fee is charged or collected in
8-5 connection with any debit or advance;

8-6 (5) the maximum principal amount that may be extended
8-7 under the account, when added to the aggregate total of the
8-8 outstanding principal balances of all indebtedness secured by the
8-9 homestead on the date the extension of credit is established, does
8-10 not exceed an amount described under Subsection (a)(6)(B) of this
8-11 section;

8-12 (6) ~~(repealed) [no additional debits or advances are~~
8-13 ~~made if the total principal amount outstanding exceeds an amount~~
8-14 ~~equal to 50 percent of the fair market value of the homestead as~~
8-15 ~~determined on the date the account is established];~~

8-16 (7) the lender or holder may not unilaterally amend
8-17 the extension of credit; and

8-18 (8) repayment is to be made in regular periodic
8-19 installments, not more often than every 14 days and not less often
8-20 than monthly, beginning not later than two months from the date the
8-21 extension of credit is established, and:

8-22 (A) during the period during which the owner may
8-23 request advances, each installment equals or exceeds the amount of
8-24 accrued interest; and

8-25 (B) after the period during which the owner may
8-26 request advances, installments are substantially equal.

8-27 SECTION 2. The following temporary provision is added to
8-28 the Texas Constitution:

8-29 TEMPORARY PROVISION. (a) This temporary provision applies
8-30 to the constitutional amendment proposed by the 85th Legislature,
8-31 Regular Session, 2017, to establish a lower amount for expenses
8-32 that can be charged to a borrower and removing certain financing
8-33 expense limitations for a home equity loan, establishing certain
8-34 authorized lenders to make a home equity loan, changing certain
8-35 options for the refinancing of home equity loans, changing the
8-36 threshold for an advance of a home equity line of credit, and
8-37 allowing home equity loans on agricultural homesteads.

8-38 (b) The constitutional amendment takes effect January 1,
8-39 2018.

8-40 (c) The changes in law made by the constitutional amendment
8-41 apply only to a home equity loan made on or after the effective date
8-42 of the constitutional amendment and to an existing home equity loan
8-43 that is refinanced on or after the effective date of the
8-44 constitutional amendment.

8-45 (d) This temporary provision takes effect on the adoption of
8-46 the constitutional amendment by the voters and expires January 1,
8-47 2019.

8-48 SECTION 3. This proposed constitutional amendment shall be
8-49 submitted to the voters at an election to be held November 7, 2017.
8-50 The ballot shall be printed to provide for voting for or against the
8-51 proposition: "The constitutional amendment to establish a lower
8-52 amount for expenses that can be charged to a borrower and removing
8-53 certain financing expense limitations for a home equity loan,
8-54 establishing certain authorized lenders to make a home equity loan,
8-55 changing certain options for the refinancing of home equity loans,
8-56 changing the threshold for an advance of a home equity line of
8-57 credit, and allowing home equity loans on agricultural homesteads."

8-58 * * * * *